

# MARKETING MANAGEMENT

**SERVICE & FINANCIAL PERSPECTIVES**



**ROWLAND WORLU**

# **MARKETING MANAGEMENT:**

*SERVICE AND FINANCIAL PERSPECTIVES*

# **MARKETING MANAGEMENT:**

## ***SERVICE AND FINANCIAL PERSPECTIVES***

**ROWLAND WORLU, Ph.D**



© MACROWLY PUBLISHERS 2013

(A Division of Macrowly Konsult)  
Plot 4, Airforce / G.U. Ake Road  
By Elioju Junction, P.O.Box 7608  
Port Harcourt, Nigeria.  
E-mail: mckonsult@gmail.com  
Tel: +2348037048971

ISBN: 978 - 978 - 082 - 136 - 4

First Published 2013  
Revised Edition 2014

All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the copyright owner.

*Designed , printed and bound in Nigeria by*  
SAM IROANUSI PUBLICATION, Lagos  
Phone: 0803 344 9154

## DEDICATION

This book is dedicated, with love, to my son - IRIBAMA

## ACKNOWLEDGEMENTS

To God be all the glory first for serving as the source of my inspiration, and for showing me the need for a book of this nature.

My gratitude goes to the Chancellor of Covenant University, Bishop David O. Oyedepo for always pointing my attention to my God given talents, which are divinely intended to bless my world. Apart from his exhortations that were instrumental to the writing of this book, he offered me the intellectual platform to ventilate my talent, thereby proving that I belong to the galaxy of the privileged few to whom he was sent.

My thanks also go to Prof. Aize Obayan, former Vice Chancellor of Covenant University, and the current vice chancellor Prof. C. K. Ayo as well as Prof. J. A. Bello, prof. A.A. Atayero, prof. T. Abioye. These persons serve as my mentors and have been encouraging me at different levels to take advantage of my intellectual capacity to bless my world. Also worthy of my gratitude are Professors O. U. Asikhia (my former head of department) and Charles Ogbulogo for touching my life in special ways.

My heart also goes, in appreciation, to my colleagues, senior and younger, for serving as guiding lights in my career path. Prominent among them are Professors I. O. Olunrinola, S. K. Adeyemi, Dayo Ade-Turton and O. S. Popoola. Others are Dr. O. S. Ibidunni, Dr. S. T. Akinyele, Dr. (Mrs.) Chinonye Moses, Dr. A. O. Adegbuyi, Dr. O. J. Kehinde, Dr. A. J. Abiodun, Dr. O. J. Oyeniyi, Dr. J.K. Obamiro, Dr. A. A. Adeniji, Dr. O. A. Osibanjo, Dr. O.O. Iyiola, Dr. F. Iyoha, Dr. (Mrs.) A. Babajide, and mrs. T.T. Borishade.

Finally, my former students in Covenant University provided some of the data which were the outcome of their industrial work experience programme. Their input has made it possible for me to develop the examples in this book. I extend my gratitude to them all.

However, the entire work remains my individual brand; and in view of the enormity of effort committed to this work, it is my fondest desire that no error be found. But if any be found, I am solely responsible.

Rowland Worlu, PhD  
Covenant University, Ota. Nigeria



## PREFACE

This book, looking like the outcome of managerial entrepreneurship, is intended to fill the yawning gap in the management literature indigenous to Nigeria; and it is my humble contribution to the growing pool of indigenous business texts that help to reduce our dependence on expensive and often marginally relevant foreign books. The book is designed to acquaint the reader with the skills and strategies of marketing in the services sector of the economy—particularly the profit-oriented businesses.

Besides, a number of courses in business seek to show the marketing application of quantitative methods, multivariate statistics, and behavioural sciences. This emphasis on new techniques and inter-disciplinary relationships has led to the relative neglect of analytical tools developed in the accounting and finance areas. This book is therefore designed to offer the business students the necessary aid in managerial decision making and marketing control which such accounting tools can provide.

The book specifically, among other things, seeks:

- To familiarize the student with the accounting and finance tools which aid managerial decision making and marketing control.
- To enable the student discover the nature and importance of these analytical tools in marketing management.
- To enable the student identify the specific areas of application and limitation of these profit-oriented aids to decision making and control.

Furthermore, the book is designed to enable the students cope with the growing dynamism in the marketing of financial products in insurance, banking, and stock exchange industries. The nature of competition in these areas requires that marketing techniques be customized for excellence in our rapidly growing economy. The book exposes the reader to this “customization process”.

Going through this material, the reader is sure to :

- Appreciate the need for marketing in the financial services industry.
- Understand the specific ways of applying marketing techniques to the financial sector of our economy.
- Know the structure of the financial sector and be able to develop financial products that meet the demands of competition as well as customer expectation.

However, the book does not pretend to offer all the benefits of exposing the reader to real world experiences in services and financial perspectives of marketing management, but certainly has the potential to enable the reader develop the analytical skills needed to make sound decisions in managing business operations and appreciate the complexities and uncertainties surrounding most practical business decisions.

The book is divided into three parts: general services, financial services, and financial analyses that provide Nigerian materials for the reader to practise the strategies that are designed to enhance the profitability of business operations for the firm.

Most of the examples represent events and relationships inspired or generated by real firms, but names and data have been changed to protect identities. However, any coincidence of name with an existing company in Nigeria or elsewhere is either purely accidental or coincidental.

Rowland Worlu, Ph.D

Department of Business Management

Covenant University, Ota, Nigeria.



## TABLE OF CONTENTS

Dedication .....	V
Acknowledgements .....	VI
Preface .....	VII
Table of contents .....	IX
List of figures .....	X
List of tables .....	XI

## PART ONE: SERVICE APPROACH

1.1. The concept of market and marketing .....	13
1.2. Nature and scope of service marketing .....	20
1.3. Service quality .....	31
1.4. Delivering exceptional service qualities .....	34
1.5. Strategies for marketing legal services .....	41
1.6. Service failure and recovery .....	47
1.7. Creating a speed mind-set in customer service delivery .....	60
1.8. Problems and prospects of service marketing in Nigeria .....	68

## PART TWO: FINANCIAL SERVICES

2.1. Securities issues and public floatation .....	72
2.2. Capital Market .....	82
2.3. Marketing Mix Management in the financial services sector .....	105
2.4. Banking Services .....	112
2.5. Marketing credit products .....	136
2.6. Insurance Marketing .....	147
2.7. Retail services segmentation and other marketing activities in the financial institutions .....	160
2.8. Success factors in the marketing of new consumer financial products .....	173
2.9. Customer value and satisfaction in the financial services market .....	179

## PART THREE: FINANCIAL MARKETING MANAGEMENT AND ANALYSES

3.1. Strategic Marketing Process	184
3.2. Marketing in the corporate environment	196
3.3. Marketing Planning	197
3.4. Components of a marketing plan	209
3.5. Managing the marketing functions	215
3.6. Salesforecasting	217
3.7. The theory of effective marketing resource allocation	220
3.8. Marketing control	234
3.9. Annual plan control	236
3.10. Marketing-oriented financial reporting forms	242
3.11. Profitability control	253
3.12. Selected performance ratios	260
3.13. Budgetary control	268
3.14. Price management	281

### LIST OF FIGURES

1.1 The Service Continuum	28
1.2 Service Quality Model	34
1.3 Service Recovery Model	59
1.4 The Service Marketing Triangle	62
2.1 Credit lifecycle	137
2.2 Customer Delivered Value	180
3.1 Strategic Marketing Process	184
3.2 SWOT Analysis	185
3.3 Product/Market Grid	186
3.4 Five Patterns of Market Coverage	190
3.5 Product Space Map Showing Perceived Offers of Four Competitors	191
3.6 Product Quality/Price Matrix	192
3.7 Marketing in the Corporate Environment	196
3.8 A Model of the Marketing Environment	201
3.9 A Model of the Marketing Function	217
3.10 Econometric Model	219
3.11 Possible Shapes of Sales Response Function	226

3.12 Relationship between Sales Volume, Marketing Expenditures and Profits.	230
--	-----

## LIST OF TABLES

1.1 Categories of Services	30
1.2 Dimensions of Service Quality	32
3.2 Types of Marketing Control	234
3.3 Statement of Earnings: Summary of Variances	238
3.4 Simplified Income Statement for a Retailer (Hachi)	254
3.5 Hachi Auto Supplies	255
3.6 Hachi Auto Supplies: Cost of goods sold for a Manufacturer	259
3.7 Income Statement as a percentage of Net Sales	261
3.8 Proforma Cash Budget	274
3.9 Composition of a Master Budget Analysis	275

## **PART ONE: SERVICE APPROACH**

### **1.1: THE CONCEPTS OF MARKET AND MARKETING**

#### **OBJECTIVES:**

- Different meanings of market
- Types of markets
- Different concepts of marketing

#### **INTRODUCTION:**

Markets are of various types and understanding them enable proper determination of appropriate strategies to be adopted in each market type. The term market is difficult to define. From the primitive or the layman's perspective, it is said to mean the physical place where exchange of value takes place between the seller and the buyer. In this sense, electronics market would mean a physical location for buying and selling electronic items. For the economist, however, the term market may mean all established facilities that enables easy contact between the buyer and the seller which makes it possible for value exchange to occur between buyers and sellers (e.g. the NASDAQ which is the electronic stock exchange in the United States of America). In other words, the economist is interested in both the demand and supply sides of the transactions when defining the term 'market'. It may also mean the body of rules and regulations which regulates transactions in a particular product ( e.g. the stock market, the money market etc). For a marketer, however, the market for a product would be the aggregate of the potential buyers of that particular product. In this context, the buyers constitute the market while the sellers constitute the industry for that product. Therefore, the use of the industry's product to satisfy the needs of the potential buyers is called Marketing.



From the foregoing, the concept of market is an all-encompassing one as it is the foundation of the entire marketing function. It emphasizes an interface between the seller of a product and its buyer, the product itself, its qualities, price, promotion, distribution etc. Hence issues concerning marketing and markets are interwoven and interrelated and one cannot be effectively divorced from the other. However it is worth noting that in the market the forces of demand and supply often interplay with each other.

## **TYPES OF MARKETS**

Markets can be typologized into many forms depending upon their varying characteristics. Hence markets can either be seller market, Buyer market, perfectly competitive market, monopolistic market, oligopolistic market, product market, service market, industrial markets, resellers' market, regional markets, international markets etc.

- **SELLER'S MARKET**

A seller's market is the market in which the seller dictates the pace of the market and price of the product, and the buyers have little or no option. This type of market is usually characterized by either a single seller or a small number of sellers who are strong enough to dictate the terms and conditions under which the offered products will sell.

- **BUYER'S MARKET**

A buyer's market is the type in which the buyers dictate the terms and conditions under which the products are to be sold. In this market the whims and aspirations of the buyers prevail and sellers strive to be relevant in the market by properly and correctly defining market needs and satisfying such needs.

- **PERFECTLY COMPETITIVE MARKET**

A perfectly competitive market is one where both the buyers and the sellers have equal right to dictating market conditions. Each concerned group usually take a position in terms of prices of products, purchases, supply



# MARKETING MANAGEMENT: SERVICE & FINANCIAL PERSPECTIVES

## ABOUT THE BOOK

This is another humble contribution to the growing pool of indigenous business texts that help to reduce our dependence on expensive and often marginally relevant foreign texts. The book is divided into three parts: The introductory part looks at the nature of service marketing and identifies the unique features of marketable service with emphasis on marketing concept and its growing relevance in the contemporary service sector. The second part underscores the need for full-scale deployment and customization of marketing tools in the business of the financial sector for optimal results. The concluding part explores the various ways of applying analytical tools developed in finance and accounting areas to aid managerial decision making in the execution of marketing programmes. The book will therefore serve as a good handbook for all business students and practitioners.

## ABOUT THE AUTHOR

Rowland Worlu (Ph. D) is a Senior Lecturer in the Department of Business Management of Covenant University, Ota-Nigeria. A prolific writer, he has published widely in refereed journals across the globe. Besides, he is both a novelist and playwright. As part of his numerous responsibilities, he is the immediate past Director of Covenant University Centre for Life-Long Learning, and the current Head, Department of Business Management.



Macrowly Publishers

